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Congress of the United States
House of Representatives
Washington, DC 20515-4607

June 9, 2009

The Honorable Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, DC 20515

The Honorable Steny Hoyer
Majority Leader
H-107, The Capitol
Washington, DC 20515

The Honorable Barney Frank
Chairman, House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

Dear Speaker Pelosi, Leader Hoyer, and Chairman Frank:

Recently you have dismissed as “demagogic” and “scare tactics” concerns that have been raised by Democrats and Republicans alike that resources of the International Monetary Fund (IMF) could wind up in the hands of state sponsors of terrorism and other rogue states. Yet I am confident that if you believed that IMF resources were going to go to countries like Iran, Venezuela, Sudan, and Syria you would take all necessary steps to halt such transfers. I write today, because under an IMF proposal endorsed by the Administration on April 25th, resources will, without question, go to these countries.

The IMF has proposed, and the Administration has endorsed, an increase of \$250 billion for the Special Drawing Rights (SDRs) of all IMF countries. As you are aware, SDRs are an IMF created currency that can be exchanged by member countries for low-interest loans of hard currencies, such as dollars. According to the IMF, this new SDR allocation will be made proportionally to all IMF members at a rate of approximately 77% of each IMF member's quota. With an exchange rate of \$1.55 per SDR, that means that Venezuela will receive a benefit worth up to \$3.2 billion, Syria \$350 million, Sudan, \$202 million, Iran \$1.8 billion, Bolivia \$204 million, Myanmar \$308 million, and Zimbabwe \$421 million. Given that Venezuela, Zimbabwe, Sudan, and Myanmar have all historically converted much of their current SDR allocation into hard currency, we expect these countries in particular to turn this new SDR allocation into hard currency.

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Under existing law, the Administration does not need Congressional approval for this proposal. The Administration only needs to notify certain Congressional Leaders prior to final IMF approval.

I respectfully request that you join me in requesting that the Administration withdraw their support for the IMF proposal to increase SDRs. I further request that any policies related to the IMF, such as those included in the pending war supplemental, be considered under regular order so that Members from both sides of the aisle have an opportunity to make whatever changes are necessary to ensure that resources are not provided to state sponsors of terrorism and other rogue states.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Cantor", with a stylized flourish extending from the end.

Eric Cantor
Republican Whip